

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford  
Robert C. Seamans, Jr., Administrator, Energy  
Research and Development Administration  
Frank Zarb, Federal Energy Administration  
Robert W. Fri, Deputy Administrator, Energy  
Research and Development Administration  
Senator John O. Pastore (D., Rhode Island)  
Senator Stuart Symington (D., Missouri)  
Senator Howard H. Baker, Jr. (R., Tennessee)  
Roderick M. Hills, Counsel to the President  
Lt. General Brent Scowcroft, Deputy Assistant to  
the President for National Security Affairs

DATE AND TIME: Thursday, June 26, 1975; 8:00 a.m.

PLACE: The Oval Office

SUBJECT: Meeting on Nuclear Enrichment (excerpts), with  
Selected Members of Jt. Comte on Atomic Energy

President: I asked you down here to discuss with you a major program we will be sending up today to improve our position in uranium enrichment. We have a real shortage ahead of us -- not now but in the future. We have had the order book closed for some time and we want to get it opened up again. It is a big and a very important program and I want your support.

Frank, why don't you describe our goals.

Zarb: [Discussed 1985 energy goals.]

President: Bob [Seamans], do you want to add something?

Seamans: [Described nuclear power stations built and underway and the capacity of existing nuclear enrichment facilities.]

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Fri: [Described details of proposed plan.]

Pastore: What if centrifuge comes on the line earlier than expected? Are we stuck with the plant?

Fri: No. They would have their contracts already and any price differential would essentially be irrelevant.

\_\_\_\_\_(?): Tell us again about the financing.

Fri: 15% equity, 85% debt. Of the equity, about 60% would be foreign, but control would reside in the U.S. partners.

Symington: The scientific world is terribly upset by the German-Brazilian deal. Will we have safeguards to prevent this?

Seamans: We still don't know what that deal is. But one way to try to control this is to stay in the ball game. If we don't build this plant, we won't have anything to say.

Symington: How are you going to prevent the foreigners from betting hold of the technology and plutonium?

Fri: U.S. control is assured under this plan.

Baker: The German-Brazilian deal is our fault. If we had been able to supply, Germany never would have gotten into the field.

Pastore: There is no doubt we need the capacity. The question is how to do it -- public or private. We have the best technology in the world. How do we insure the foreign investors do not buy a piece of the technology with their investment?

Hills: We will scrutinize the contract very carefully for this -- as will the Congress.

\_\_\_\_\_(?): How about the debt-equity relationship?

Hills: We are looking at this to see whether this is an appropriate balance.

Baker: You wouldn't get it without the government guarantee.

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\_\_\_\_\_(?): How about laser separation? What effect will this have?

Seamans: We think that is ten to fifteen years off.

\_\_\_\_\_(?): Why go the commercial route? Why not have the government do it?

President: If the government does it, we need an appropriation of nearly \$2 billion. The private route doesn't require appropriations. If we go public with this one, it makes less likely private entry. The centrifuge would be less likely.

\_\_\_\_\_(?): The centrifuge people are concerned that if the government re-enters, there will be grave doubts that the government won't stay in.

Baker: I agree with going private with the centrifuge. With gaseous diffusion I have more problems. Why do we have to peddle directly to foreigners? They can buy the bonds in the open market if it's a good investment. So if we go this way, the foreigners must expect something more.

Baker/Pastore: When does the legislation go up?

Hills: We would go today for authorization to pursue both routes -- public and private.

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